SB 567 – Sen. Gillan

Large-scale Energy Development Infrastructure Impact Act

Law provides a mechanism to assist local communities that will have to deal with infrastructure & service impacts from large scale energy development

Projects that trigger use of the act:

- Oil-using or gas-using energy complexes
- Coal gasification production facilities
- Hydrocarbon electrical generation facilities
- Liquid hydrocarbon production facilities, including coal-to-liquid and gas-to-liquid facilities
- Coal mining facilities (normally in conjunction with a mine-mouth plant)

Must have average number of persons on the payroll (developer & contractors at the development) exceeds/projected to exceed 150 for any consecutive 6-month period.

Modeled after Hard Rock Mining Act

- Joint effort of company and community in "impact plan" development. Company provides resources for community to independently evaluate plans. Plans presented to state board.

For companies:

- No impact fees
- No additional cost beyond time-value of any advanced tax payments
- No risk – any pre-tax payments come only after permitting and project proceeds

For communities

- Infrastructure & services assistance to soften community impacts
- Funding available early, not waiting until normal taxes flow
- Repayment of pre-paid taxes can be spread over as much as 25 years

Impact plan includes:

- Timetable for the development, including the opening date of the development and the estimated closing date, if any;
- Estimated number of persons coming into the impacted area as a result of the development;
- Increased capital and operating cost to local government units for providing services that can be expected as a result of the development;
- Financial or other assistance that the developer will give to local government units to meet the increased need for services.

Source of funding for impacts, in order of use:

- State reserve fund
- Property tax pre-payments (cash or borrowed from Board of Investments)

Reserve fund source of revenue

- 10% of county oil & gas revenue over $2.5 million per quarter ($10 million per year)

Based on 2006 revenues:

- Approximately $2.8 million per year
- Currently would affect only 2 counties: Fallon & Richland
- Richland: $1.86 million (retains 94% of tax -- $26,741,732) (2006 figures)
- Fallon: $940 thousand (retains 95% of tax -- $18,467,970) (2006 figures)

Overseen by an Energy Development Impact Board, a seven-member board appointed by the governor, attached to Department of Commerce:

- a person who, when appointed to the board, is an elected official of an incorporated city or town;
- person who, when appointed to the board, is an elected county commissioner or elected official of a consolidated city-county government;
- a person who, when appointed to the board, is an elected school district trustee;
- four members of the public-at-large.

Four persons appointed to the board must reside in an area impacted or expected to be impacted by large-scale energy development or must reside in a county that produces coal, oil, or gas.

At least two persons must be appointed from each district provided for in 5-1-102 (former Congressional districts).